

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: NE-10-24
)	
)	
WAWEL SAVINGS BANK)	Effective Date: September 29, 2010
)	
Wallington, New Jersey)	
OTS Docket No. 08063)	

ORDER TO CEASE AND DESIST

WHEREAS, Wawel Savings Bank, Wallington, New Jersey, OTS Docket No. 08063 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Northeast Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about,

participating in, counseling, or the aiding and abetting the unsafe or unsound banking practices as described in the February 16, 2010 Report of Examination of the Association (2010 ROE) that resulted in:

- (a) operating the Association with loan underwriting and/or credit administration and documentation policies, procedures, systems, and controls that are inadequate for the complexity of and risk inherent in the Association's loan portfolio;
- (b) operating the Association with an inadequate methodology for allowance for loan and lease losses (ALLL);
- (c) operating the Association with ineffective collection and loan workout practices;
- (d) operating the Association with an inadequate Compliance Program;
- (e) operating the Association with an inadequate Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Program;
- (f) operating the Association with an inadequate Identity Theft Red Flags Program;
- and
- (g) operating the Association with inadequate information technology (IT) policies and procedures or IT systems.

2. The Association and its directors, officers, employees, and agents shall also cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following laws or regulations:

- (a) 12 C.F.R. § 571.90 (regarding detection, prevention, and mitigation of identity theft);
- (b) 24 C.F.R. § 3500.7(d) (regarding good faith estimates pursuant to the Real Estate Settlement Procedures Act (RESPA));

- (c) 12 C.F.R. § 203.4(a) (regarding compilation of loan data for monitoring purposes under the Home Mortgage Disclosure Act (HMDA));
- (d) 12 C.F.R. § 203.4(a)(3) (regarding accurate recording of the purpose of the loan or application under HMDA);
- (e) 12 C.F.R. § 203.4(a)(12)(i) (regarding accurate reporting of rate spreads under HMDA);
- (f) 12 C.F.R. § 202.13(a)(1) (regarding requests for information under the Equal Credit Opportunity Act (ECOA));
- (g) 15 U.S.C. § 1681g (regarding notice to home loan applicants of use of credit scores under the Fair Credit Reporting Act (FCRA));
- (h) 12 C.F.R. § 572.9 (regarding notice to borrowers of special flood hazards and availability of federal disaster relief assistance);
- (i) 12 C.F.R. § 568.4 (regarding security reports on the implementation, administration, and effectiveness of the security program under the Bank Protection Act);
- (j) 12 C.F.R. § 563.177(c)(1) (regarding development of a system of internal controls to assure ongoing compliance with BSA/AML regulations);
- (k) 12 C.F.R. § 563.180(d)(3)(iv) (regarding filing of suspicious activity reports (SARs) for potential money laundering or violations of BSA/AML regulations); and
- (l) 31 C.F.R. § 103.22(b)(1) (regarding filing of currency transaction reports (CTR) for currency transactions over ten thousand dollars (\$10,000)).

Credit Administration.

3. Within sixty (60) days, the Association shall revise its credit administration policies, procedures, practices, and controls (Credit Administration Policy) to ensure that it addresses all

corrective actions in the 2010 ROE relating to credit administration. The Credit Administration Policy shall comply with all applicable laws, regulations and regulatory guidance and, at a minimum, include:

- (a) policies, procedures, and systems to obtain and analyze, on at least an annual basis, updated borrower financial information on non-homogeneous loans;
- (b) an effective system for the retention, review, renewal, and updating by the Association of all required records, filings, and other credit related documents;
- (c) funding controls on construction loans to prevent disbursements of loan funds in excess of completed construction costs;
- (d) policies, procedures, and systems for monitoring and collecting real estate taxes for all real estate loans;
- (e) procedures to report monthly to the Board all delinquent property taxes on all real estate loans;
- (f) restrictions on the capitalization of interest, loan fees, late fees, loan costs, and collection costs of problem loans;
- (g) revised appraisal policies and procedures that require the implementation of a formal comprehensive appraisal review function; and
- (h) revised guidelines requiring collateral properties to be re-appraised prior to loans being modified, extended, or refinanced.

4. Within sixty (60) days, the Association shall submit its revised Credit Administration Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Credit Administration Policy is acceptable, the Association

shall implement and adhere to the Credit Administration Policy. The Board's review of the Credit Administration Policy shall be documented in the Board meeting minutes.

Restrictions on Lending.

5. Effective immediately, the Association shall not, except with the prior written non-objection of the Regional Director, make, invest in, or purchase any new commercial loan, commercial real estate loan, land, or construction or development loan. A request for non-objection must be received at least fifteen (15) days before a response is needed.

6. Effective immediately, the Association shall not, except with the prior written non-objection of the Regional Director, refinance, extend or otherwise modify any existing non-homogenous loans or lines unless the Association has strengthened its position through a reduction in the outstanding loan balance and/or obtained additional collateral, and no new funds are advanced. A request for non-objection must be received at least fifteen (15) days before a response is needed.

Loan Workout Program.

7. Within sixty (60) days, the Association shall revise its loan workout policies, procedures, practices, and controls (Loan Workout Program) to ensure that the Loan Workout Program addresses all corrective actions in the 2010 ROE relating to problem loan workouts.

8. Within sixty (60) days, the Association shall conduct a review and analysis of its non-homogeneous loan portfolio and submit a detailed work-out plan and strategy for each problem loan and/or loan relationship greater than five hundred thousand (\$500,000) (Loan Workout Plan) to the Board for approval. A copy of the Loan Workout Plan and the Board Resolution approving the Loan Workout Plan shall be provided to the Regional Director within twenty (20) days of its submission to the Board.

9. Within forty-five (45) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Association shall submit a quarterly written loan workout status report (Quarterly Loan Workout Report) to the Board. The Board's review of the Quarterly Loan Workout Report shall be documented in the Board meeting minutes.

Overdraft Policy.

10. Within thirty (30) days, the Association shall revise its overdraft policies, procedures, practices, and controls (Overdraft Policy) to ensure that the Overdraft Policy addresses all corrective actions in the 2010 ROE relating to overdrafts. The Overdraft Policy shall comply with applicable laws, regulations and regulatory guidance and shall, at a minimum:

- (a) set forth the standards and dollar threshold limits for overdraft approvals;
- (b) establish specific overdraft lending authority limits; and
- (c) restrict unsecured interest free checking account overdrafts to borrowers.

11. Within forty-five (45) days, the Association shall submit its revised Overdraft Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Overdraft Policy is acceptable, the Association shall implement and adhere to the Overdraft Policy. The Board's review of the Overdraft Policy shall be documented in the Board meeting minutes.

Allowance for Loan and Lease Losses.

12. Within forty-five (45) days, the Association shall revise its policies, procedures, and methodology relating to the timely establishment and maintenance of an adequate ALLL level (ALLL Policy) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to ALLL. The ALLL Policy shall comply with applicable laws, regulations, and regulatory guidance and shall:

- (a) include the appropriate use of Financial Accounting Standards Board (FASB) 114 impairment analysis; and
- (b) address the historical loan loss rates of the Association.

13. Within forty-five (45) days, the Association shall submit its ALLL Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the ALLL Policy is acceptable, the Association shall implement and adhere to the ALLL Policy. The Board's review of the ALLL Policy shall be documented in the Board meeting minutes.

Consumer Compliance Program.

14. Within sixty (60) days, the Association shall revise its written consumer compliance program (Compliance Program) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to consumer compliance. The Association's Compliance Program shall comply with all applicable consumer and other compliance laws, regulations and regulatory guidance (Compliance Laws and Regulations)¹ and be appropriate for the Association's size, complexity, product lines and business operations. At a minimum, the Compliance Program shall require:

- (a) the Association have and retain a qualified full-time compliance officer and/or an independent qualified third party, acceptable to the Regional Director, whose sole responsibility shall be to implement and supervise compliance with the Compliance Laws and Regulations by the Association (Compliance Officer);

¹ The term "consumer and other compliance laws and regulations" means all laws and regulations identified, referenced or discussed in Section 1100 (Compliance Oversight Examination Program) of the OTS Examination Handbook.

- (b) written job descriptions of the duties and responsibilities of the Compliance Officer and other key consumer compliance staff positions are included that clearly define authority and accountability and establish a consumer compliance organizational and reporting structure, including any Board-level compliance committees;
- (c) the Association allocate resources to the compliance area that are commensurate with the Association's size, complexity, product lines, and business operations to ensure the implementation of an adequate Compliance Program, including appropriate staffing levels with qualified and experienced personnel;
- (d) a formal training program that provides for ongoing training in Compliance Laws and Regulations for all appropriate personnel and includes the development and implementation of a system to test employees on their knowledge of Compliance Laws and Regulations. The Association shall document the training activities for its recordkeeping purposes. The training program should be updated periodically, at reasonable intervals, to ensure that appropriate personnel are provided with the most current and up-to-date information;
- (e) a written consumer compliance review process before implementing new or changed products and services;
- (f) a new formal system to document the completion of required revisions and/or updates to compliance policies and procedures to address new or changing laws and regulations;
- (g) ongoing, semi-annual compliance audits and/or reviews to monitor the Association's compliance with Compliance Laws and Regulations, including, transactional testing; and

(h) detailed reporting requirements, including quarterly regulatory compliance status reports from the Association's Compliance Officer (Compliance Status Reports) to ensure adequate Board oversight and monitoring of the effectiveness of the Association's Compliance Program and Management's implementation and adherence to corrective actions adopted or required by the Board.

15. Within sixty (60) days, the Association shall submit its Compliance Program to the Regional Director for review and comment. Upon written notification from the Regional Director that the Compliance Program is acceptable, the Association shall implement and adhere to the Compliance Program. The Board's review of the Compliance Program shall be documented in the Board meeting minutes.

16. Within thirty (30) days, the Association shall correct and re-file its 2009 HMDA Loan Application Register (LAR) report.

Bank Secrecy Act/Anti-Money Laundering Program.

17. Within forty-five (45) days, the Association shall revise its BSA/AML policies, procedures and systems (BSA/AML Program) to ensure that it addresses all corrective actions in the 2010 ROE regarding BSA/AML. The BSA/AML Program shall comply with the Currency and Foreign Transactions Reporting Act, as amended by the USA PATRIOT Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), 31 C.F.R. §§ 103.11 et seq., and the related BSA regulations issued by the OTS, 12 C.F.R. § 563.177 (collectively, the BSA Laws and Regulations), the FinCEN regulations governing SARs set forth at 31 C.F.R. § 103.18 and the OTS SAR regulation set forth at 12 C.F.R. § 563.180 (collectively, the SAR Regulations), and the Office of Foreign

Assets Control (OFAC) Regulations set forth in Chapter V of Title 31 of the C.F.R. (the OFAC Regulations) and all regulatory guidance. The Association's BSA/AML Program shall, at a minimum:

- (a) require the Association to conduct a thorough assessment of its BSA, AML and OFAC risk exposure (BSA/AML/OFAC Risk Assessment), based upon the specific products, services, customers, entities, and geographic locations unique to the Association that may expose it to money laundering, terrorism financing, and/or other illegal activities, taking into consideration information collected from the Association's customer identification policies, procedures and processes (CIP Policy) and customer due diligence process (CDD) that shall identify the accounts that are potentially medium or high risk and the basis for such determination;
- (b) ensure the Association's CIP Policy complies with all applicable laws, regulations, and regulatory guidance, including 31 C.F.R. § 103.121 and 12 C.F.R. 563.177(b), and that the Association has adequate CDD policies, procedures and processes to identify customers and customer groups with heightened BSA/AML and OFAC risk, as identified by the Association, including, but not limited to, non-U.S. resident accounts, money service businesses, customers with significant wire transfer activity, and customers generating multiple CTR filings within any twelve (12) month period (collectively, High Risk Customers). For these High Risk Customers, the Association shall engage in enhanced due diligence, maintain current customer profiles, monitor the relationships, and, when applicable, obtain required legal documentation;

- (c) ensure the Association implements a system of internal controls that complies with the BSA Laws and Regulations, the SAR Regulations, and the OFAC Regulations based on the Association's BSA/AML/OFAC Risk Assessment;
- (d) ensure the Association conducts an independent test of its BSA/AML Compliance Program by a qualified independent employee or independent third party to ensure the Association's compliance with all applicable BSA Laws and Regulations, SAR Regulations, and OFAC Regulations (BSA Independent Testing), which shall be: (i) performed with an appropriate level of frequency; (ii) fully documented; and (iii) conducted with an appropriate segregation of duties;
- (e) ensure the Association implements a system to monitor all transactions and to timely report transactions that are suspicious or unusual in nature, or structured to evade reporting under the BSA Laws and Regulations pursuant to 31 C.F.R. § 103.18 and 12 C.F.R. § 563.180(d). The Association must also provide for the monitoring, assessment, and review of the effectiveness of the Association's investigative procedures related to suspicious transactions and activity and the propriety of its decision whether or not to file a SAR, including the maintenance of documentation for all filed SARs and all decisions made to not file a SAR;
- (f) ensure the Association implements a system that allows for the effective daily aggregation of multiple transactions and the proper filing of CTRs pursuant to 31 C.F.R. § 103.22(c)(2) and 12 C.F.R. § 563.177(c)(1), including periodic monitoring of the activity of its CTR exempt customer list;
- (g) provide BSA/AML training on an annual basis for all Association personnel and maintenance of written documentation of such training; and

(h) require the Association have and retain a qualified full-time BSA compliance officer and/or an independent qualified third party, acceptable to the Regional Director, who has sufficient authority, expertise, competency, time, staff, and resources to perform his or her assigned BSA responsibilities on a day-to-day basis.

18. Within sixty (60) days, the Association shall submit the revised BSA/AML Program to the Regional Director for review and comment. Upon written notification that the BSA/AML Program is acceptable, the Association shall implement and adhere to the BSA/AML Program.

Flood Insurance.

19. Within sixty (60) days, the Association shall revise its policies, procedures and systems related to flood insurance (Flood Program) to ensure the Flood Program addresses all corrective actions set forth in the 2010 ROE relating to flood insurance and complies with the requirements of the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. §§ 4001-4129, as implemented by Part 572 of the OTS's Rules and Regulations, 12 C.F.R. Part 572 (collectively the Flood Laws and Regulations), and applicable regulatory guidance.

Identity Theft Red Flags Program.

20. Within forty-five (45) days, the Board shall revise its policies, procedures, and systems to comply with the requirements of 12 C.F.R. § 571.90 and to address all corrective actions set forth in the 2010 ROE relating to the detection, prevention, and mitigation of identity theft (Identity Theft Red Flags Program). At a minimum, the Identity Theft Red Flags Program shall require:

- (a) a risk assessment to determine whether the Association offers or maintains covered accounts;

- (b) a system to detect any red flags that have been incorporated into the Identity Theft Red Flags Program;
- (c) a process to respond to any red flags detected to prevent and mitigate identity theft;
- (d) a formal training program that provides for ongoing training regarding the requirements of and implementation of the Identity Theft Red Flags Program and includes the development and implementation of a system to test employees on their knowledge of the Identity Theft Red Flags Program; and
- (e) an annual review and update to the Identity Theft Red Flags Program to reflect changes in risks to customers and to the safety and soundness of the Association from identity theft.

21. Within forty-five (45) days, the Association shall submit its Identity Theft Red Flags Program to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Identity Theft Red Flags Program is acceptable, the Association shall implement and adhere to the Identity Theft Red Flags Program. The Board's review of the Identity Theft Red Flags Program shall be documented in the Board meeting minutes.

Security Report.

22. Within thirty (30) days, and annually thereafter, the Security Officer of the Association shall comply with the requirements of 12 C.F.R. § 568.4 and shall provide a detailed report to the Board regarding the implementation, administration, and effectiveness of the Association's security program (Security Report). The Board's review of the Security Report shall be

documented in the Board meeting minutes. A copy of the Security Report shall be provided to the Regional Director within twenty (20) days of the Board's review of the Security Report.

Information Technology.

23. Within thirty (30) days, the Association shall develop and implement a comprehensive business continuity and pandemic plan (BCP Plan) to provide guidance on maintaining critical bank operations during and subsequent to a disaster. The BCP Plan shall address all issues identified in the guidelines set forth in the Federal Financial Institutions Examination Council (FFIEC) Information Technology (IT) Examination Handbook and shall include a procedure for testing the BCP Plan and reporting the results of the testing to the Board. The Board's review of the BCP Plan shall be documented in the Board meeting minutes. A copy of the BCP Plan shall be provided to the Regional Director within ten (10) days of the Board's review of the BCP Plan.

24. Within sixty (60) days, and annually thereafter, the Association shall test the BCP Plan. A copy of a report outlining the test results shall be provided to the Board within thirty (30) days of completion of the test. The Board shall ensure that any weaknesses or deficiencies identified in the test are addressed and that the BCP Plan is revised and updated as necessary on an annual basis.

25. Within sixty (60) days, the Association shall address and implement all corrective actions identified in the 2010 ROE relating to information technology (IT Corrective Actions). A copy of a report outlining the completion of all IT Corrective Actions shall be provided to the Board within thirty (30) days of completion of the IT Corrective Actions (IT Corrective Actions Report). The Board's discussion of the IT Corrective Action Report shall be documented in the meeting minutes of the Board meeting following its receipt. A copy of the IT Corrective Action

Report and the Board meeting minutes discussing it shall be provided to the Regional Director within twenty (20) days of the Board's review of the IT Corrective Action Report.

Violations of Law.

26. Within one hundred (100) days, the Association shall ensure that all violations of law and/or regulation identified in the 2010 ROE are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

Effective Date, Incorporation of Stipulation.

27. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

28. This Order shall remain in effect until terminated, modified, or suspended by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

29. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

30. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

31. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

32. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S.

mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (a) To the OTS:
Office of Thrift Supervision
Attn: Michael E. Finn
Regional Director, Northeast Region
Harborside Financial Center Plaza Five
Suite 1600
Jersey City, NJ 07302
Fax: (201) 413-7543
- (b) To the Association:
Wawel Savings Bank
Attn: Robert Ranzinger
Chairman, Board of Directors
Main and Wallington Avenues
Wallington, NJ 07057-1103

No Violations Authorized.

33. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: NE-10-24
)	
)	
WAWEL SAVINGS BANK)	Effective Date: September 29, 2010
)	
Wallington, New Jersey)	
OTS Docket No. 08063)	
_____)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Northeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Wawel Savings Bank, Wallington, New Jersey, OTS Docket No. 08063 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs

1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on the findings contained in the February 16, 2010 Report of Examination of the Association (2010 ROE), the OTS finds that the Association has engaged in unsafe or unsound banking practices, including:
 - (a) operating the Association with loan underwriting and/or credit administration and documentation policies, procedures, systems and controls that are inadequate for the complexity of and risk inherent in the Association’s loan portfolio;
 - (b) operating the Association with an inadequate methodology for allowance for loan and lease losses (ALLL);
 - (c) operating the Association with ineffective collection and loan workout practices;
 - (d) operating the Association with an inadequate Compliance Program;
 - (e) operating the Association with an inadequate Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Program;

- (f) operating the Association with an inadequate Identity Theft Red Flags Program;
and
- (g) operating the Association with inadequate information technology (IT) policies and procedures or IT systems.

4. Based on its 2010 ROE of the Association, the OTS finds that the Association has also engaged in violations of law and regulation, including:

- (a) 12 C.F.R. § 571.90 (regarding detection, prevention, and mitigation of identity theft);
- (b) 24 C.F.R. § 3500.7(d) (regarding good faith estimates pursuant to the Real Estate Settlement Procedures Act (RESPA));
- (c) 12 C.F.R. § 203.4(a) (regarding compilation of loan data for monitoring purposes under the Home Mortgage Disclosure Act (HMDA));
- (d) 12 C.F.R. § 203.4(a)(3) (regarding accurate recording of the purpose of the loan or application under HMDA);
- (e) 12 C.F.R. § 203.4(a)(12)(i) (regarding accurate reporting of rate spreads under HMDA);
- (f) 12 C.F.R. § 202.13(a)(1) (regarding requests for information under the Equal Credit Opportunity Act (ECOA));
- (g) 15 U.S.C. § 1681g (regarding notice to home loan applicants of use of credit scores under the Fair Credit Reporting Act (FCRA));
- (h) 12 C.F.R. § 572.9 (regarding notice to borrowers of special flood hazards and availability of federal disaster relief assistance);
- (i) 12 C.F.R. § 568.4 (regarding security reports on the implementation,

administration, and effectiveness of the security program under the Bank Protection Act);

(j) 12 C.F.R. § 563.177(c)(1) (regarding development of a system of internal controls to assure ongoing compliance with BSA/AML regulations);

(k) 12 C.F.R. § 563.180(d)(3)(iv) (regarding filing of suspicious activity reports (SARs) for potential money laundering or violations of the BSA/AML regulations); and

(l) 31 C.F.R. § 103.22(b)(1) (regarding filing of currency transaction reports (CTR) for currency transactions over ten thousand dollars (\$10,000)).

Consent.

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

7. The Association waives the following:

(a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(c) the right to seek judicial review of the Order, including, without limitation, any

such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired

thereby, unless the Regional Director in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation.

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WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

WAWEL SAVINGS BANK
Wallington, New Jersey

OFFICE OF THRIFT SUPERVISION

By: /s/
Robert Ranzinger, Chairman

By: /s/
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

 /s/
John P. Condrick, Director

 /s/
Thomas J. Duch, Director

 /s/
Henry J. Monkowski, Director

 /s/
Henry C. Walentowicz, Director

 /s/
Walter G. Wargacki, Director

 /s/
Jerry F. Wlodarczyk, Director